

The economy has been hit hard by the recent subprime mortgage crisis. This segment of the mortgage industry has grown substantially recently, allowing many families to become a part of the American Dream by owning their own home. Typically, subprime loans are reserved for persons with weak or limited credit histories. The loans carry a higher rate of interest than prime loans to compensate for the increased credit risk.

Unfortunately, many of these loans were not appropriate for borrowers. If you have found yourself in this position, you are not alone. A record 240,000 foreclosure filings were reported in August 2007--more than double a year ago--signaling that many homeowners are increasingly unable to make timely mortgage payments or sell their homes. Some 2 million Americans will see their mortgage payments jump over the next two years, because of an increase in adjustable-rate mortgages after introductory teaser rates.

I have compiled the following information for homeowners struggling to pay their mortgage payments each month. The very first thing you should do, however, is call your lender. Many lenders are willing to renegotiate mortgage terms. I hope that you find the following resources helpful.

- [Government and Nonprofit Resources](#)
- [Government Sponsored Enterprise \(GSE\) Resources](#)
- [Legal Resources](#)

Government and Nonprofit ~~TOP~~ Resources

A number of federal and state agencies and nonprofit organizations have developed foreclosure prevention programs to help homeowners having trouble with their mortgage loans. The following organizations offer free or low-cost foreclosure prevention programs to eligible homeowners:

U.S. Department of Housing and Urban Development (HUD)

HUD provides a variety of resources for homeowners at risk of foreclosure. The Department funds free housing counseling services throughout the country. HUD- approved counselors can

help homeowners understand the law and their options, help them organize their finances, and represent borrowers in negotiations with their lenders if needed.

Telephone: 1-800-569-4287

[HUD-Approved Housing Counseling Agencies](#)

[Additional HUD resources for avoiding foreclosure](#)

State Attorneys General

Homeowners who suspect that they have been a victim of fraud, misleading information, or other deceptive practices, should contact their state Attorney General's office. These offices investigate complaints and sue lenders and other mortgage originators for alleged illegal behavior. In addition, several state Attorneys General have been instrumental in setting up multi-agency foreclosure prevention task forces that provide financial resources and proactive intervention for homeowners facing or at risk of foreclosure.

New Jersey's Attorney General's office:

Anne Milgram, Attorney General

Richard J. Hughes Justice Complex

25 Market Street

CN 080

Trenton, NJ 08625

609-292-8740

<http://www.state.nj.us/lps/>

State Housing Finance Agencies

State Housing Finance Agencies administer a wide range of affordable housing and community development programs. A number of state HFAs have partnered with other entities (including nonprofit counseling agencies, local governments, state housing departments and lenders) to provide comprehensive foreclosure prevention and mitigation strategies.

[New Jersey's Housing Finance Agency](#)

NeighborWorks

NeighborWorks is a national network of more than 240 community-based nonprofit organizations (located in 50 states) created by Congress to provide financial support, technical assistance, and training for community revitalization efforts. NeighborWorks provides a variety of resources for preserving homeownership in the face of rising foreclosure rates including

HOPE for Homeowners, a toll-free national hotline that offers free foreclosure prevention and counseling advice from a third party, HUD-certified, not-for-profit network of counseling agencies dedicated to helping homeowners avoid foreclosure. NeighborWorks has teamed up with the Homeownership Preservation Foundation and the Financial Services Roundtable to provide this service.

HOPE for Homeownership Hotline (in English and Spanish): 1-888-995-HOPE

[Find a HUD-certified NeighborWorks organization](#)
[Information on the Center for Foreclosure Solutions](#)

National Council of LaRaza (NCLR)

NCLR is the largest national Hispanic civil rights and advocacy organization in the United States. NCLR's Homeownership Network of 42 community-based organizations provide home ownership counseling and can intervene between borrowers facing financial crisis and the lenders and/or mortgage servicer.

Contact NCLR: 202-785-1670

NCLR's Website: <http://www.nclr.org/>

Neighborhood Assistance Corporation of America (NACA)

NACA is a national non-profit advocacy and homeownership organization. NACA's Refinance Program offers new loans to eligible homeowners with unaffordable mortgages. NACA's Home Save program gives counseling and financial assistance to eligible homeowners who are at risk of foreclosure.

NACA's Information and Refinancing Services line: 1-888-302-NACA

Website: <https://www.naca.com/program/homesaveProgram.jsp>

Government Sponsored ~~TER~~ Enterprise (GSE) Resources

GSEs also provide excellent resources for those facing or at risk of foreclosure.

Fannie Mae

Fannie Mae's HomeStay Initiative provides flexible mortgage products that help homeowners with blemished credit histories refinance and they provide counseling and foreclosure

prevention services. Fannie Mae has designed a product that allows eligible at-risk homeowners to refinance into 30-year fixed rate mortgage loan.

Information on HomeStay Initiative:

<https://www.efanniemae.com/home/index.jsp>

Freddie Mac

Freddie Mac helped to develop and fund Don't Borrow Trouble, a comprehensive consumer awareness and foreclosure prevention campaign. In addition, Freddie Mac has partnered with national non-profit organizations, counseling agencies and several lenders on a foreclosure-avoidance initiative designed to reach out to delinquent borrowers early on and provide appropriate counseling through trusted intermediaries to help avoid foreclosure.

Information on Don't Borrow Trouble:

<http://www.dontborrowtrouble.com/>

Legal Resources [TOP](#)

In addition to the resources above, some homeowners may want to retain an attorney to help them navigate the legal system.

National Association of Consumer Advocates

NACA is a nationwide organization of more than 1000 attorneys who represent and have represented hundreds of thousands of consumers victimized by fraudulent, abusive and predatory business practices. NACA attorneys have represented thousands of victims of predatory lending practices. The legal services are provided by legal service lawyers and private practice attorneys who provide free or low-cost legal representation.

Contact NACA: 202-452-1989

Find an attorney: <http://members.naca.net/findanattorney/>